

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Parra Analyst: Darrine Distefano Bill Number: AB 251
Related Bills: See Legislative History Telephone: 845-6458 Introduced Date: 02-03-2003
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Interagency Task Force On Excellence In Economic Development/Representatives May Include FTB

SUMMARY

This bill would establish the Interagency Task Force on Excellence in Economic Development.

PURPOSE OF THE BILL

According to the author's office, the purpose of this bill is to identify the state's expenditures for economic development areas and develop strategies to ensure that investments are used effectively to meet the needs of the development areas.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2004, and repealed January 1, 2005 unless otherwise extended.

POSITION

Pending.

ANALYSIS

FEDERAL/STATE LAW

There is no federal taskforce that oversees the development strategy of the empowerment zones, renewal communities, and enterprise communities. However, the Office of Economic Development (OED) builds public-private sector partnerships to address pressing economic development needs by fostering increased collaboration between the private development sector, local and state governments, and national and community-based not-for-profit organizations.

The California Technology, Trade, and Commerce Agency (TTCA) assists in-state expansion of existing companies while nurturing the growth of emerging industries and small businesses. Using specified criteria, TTCA designates economic development areas from the applications received from the governing bodies.

The California Franchise Tax Board (FTB) administers the sections of the Revenue and Taxation Code (R&TC) that provide special tax incentives for taxpayers conducting business activities within economic development areas.

Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	_____ PENDING

Department Director
Gerald H. Goldberg

Date
02/26/03

THIS BILL

This bill expresses the declaratory findings of the Legislature on the state's current economic downturn and fiscal crisis.

Also, this bill expresses the intent of the Legislature to improve the state's ability to identify, coordinate, and evaluate the investments in economic development and develop strategies to meet current economic development needs and priorities.

This bill requires the Secretary of TTCA and the Secretary of Labor to establish an Interagency Task Force on Excellence in Economic Development. The task force would make recommendations regarding a unified state economic development strategy.

The task force would include representatives of departments and agencies including the State Department of Education, the Secretary of Education, the University of California, the California State University, the California Community Colleges, the State Energy Resources Conservation and Development Commission, the Department of Food and Agriculture, the Office of the Treasurer, the Employment Development Department, the California Workforce Investment Board, the State Board of Equalization (BOE), and FTB.

This bill would require the task force to do the following:

- ❖ Inventory current investments in economic development programs.
- ❖ Consult with academic experts and economists to design an evaluation strategy that would provide outcome-based assessment tools to guide current and future investments.
- ❖ Consult with the Economic Strategy Panel within the TTCA for current data on region-by-region economic trends and private sector needs.
- ❖ Recommend to the Governor and the Legislature before September 1, 2004, the following:
 1. Goals and objectives to guide the economic development investments and guidelines to be used to identify and allocate what is to be included in a full inventory of the state's economic development programs.
 2. Standards for collecting data for program evaluation and assessment, in addition to recommendations for program consolidation and restructuring.
 3. Strategies for coordination between state and local economic development programs, including, but not limited to, small business financial development corporations.

IMPLEMENTATION CONSIDERATIONS

The author may wish to outline the responsibilities and roles of each member from each agency that would participate. FTB may require additional personnel years (PYs) to participate in the task force, depending on the assigned duties and responsibilities.

LEGISLATIVE HISTORY

AB 71 (Horton, 2003/04) would allow BOE to Create a Tobacco Tax Compliance Task Force that would include personnel from the several different state agencies, including FTB. This bill is currently in both the Assembly Revenue & Taxation Committee and the Governmental Organization Committee.

AB 1906 (Brewer, Stats. 1998, Ch. 463) required the California Attorney General to appoint an Electronic Recordation Task Force consisting of voluntary representatives from governmental agencies and industry groups including county recorders, county district attorneys, FTB, Fannie Mae, the Internal Revenue Service, trustees, mortgage bankers, financial institutions, and the title insurance and real estate industries.

OTHER STATES' INFORMATION

Florida has developed a 2003-2008 strategic plan on economic development through a collaborative effort of business, education, government, and economic development leaders at both statewide and regional levels.

Massachusetts has a report that provides economic development guidelines to promote regional economic strength over the next ten years. This report was developed as a statewide effort with issue experts, policy, and research analysis.

Michigan has a partnership between its private and public universities and its Economic Development Corporation to assess progress and set goals for the Michigan economy and its economic development programs.

Illinois, Minnesota, and New York do not currently have a strategic plan or taskforce researching its economic development programs.

FISCAL IMPACT

Since it is unclear what would be required of FTB personnel participating in the task force, departmental costs cannot be determined at this time.

ECONOMIC IMPACT

This bill would not impact the state's income tax revenue.

LEGISLATIVE STAFF CONTACT

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